

# **CALIFORNIA STATE ATHLETIC COMMISSION**

## **INITIAL STATEMENT OF REASONS**

**Hearing Date: May 24, 2001**

**Subject Matter of Proposed Regulations: Break in service for a participating boxer and benefit allocation.**

**Section(s) Affected: 401 and 403**

### **Specific Purpose of each adoption, amendment, or repeal:**

**Rule 401:** The specific purpose of Rule 401 is to allow a "participating boxer" who has had a break in service to obtain maximum benefits.

**Rule 403:** The specific purpose of Rule 403 is to allow a covered and "participating boxer" 100% of the benefits allocation rather than 50% by eliminating the break in service requirement.

### **Factual Basis**

**Rule 401:** At the end of each year all pension contributions and forfeitures are allocated proportionately among participating boxers individual accounts. Boxers who do not have a break in service receive 100% of their allocation while boxers who have had a break in service only receive 50% of their allocation.

The intent of the regulation was to provide all vested boxers with 100% of their benefits. Boxers are vested when they meet all requirements to be eligible for retirement benefits. It is the commission's desire that even though there may be a break in service, a boxer should receive 100% of their allocation rather than 50% as these boxers are vested and often return to boxing after there has been a break in service. Thus, break in service would be eliminated. This is the equitable solution and the one that is most beneficial to the boxers.

**Rule 403:** The factual basis for Rule 401 also applies to rule 403.

### **Underlying Data**

None

### **Business Impact**

This regulation will not have a significant adverse economic impact on businesses.

### **Specific Technologies or Equipment**

This regulation does not mandate the use of specific technologies or equipment.

### **Consideration of Alternatives**

No alternative which was considered would be either more effective than or equally as effective as and less burdensome to affected private persons than the proposed regulation.

Set forth below are the alternatives which were considered and the reasons each alternative was rejected:

The alternative considered is to leave the regulatory Sections 401 and 403 as is where the boxers are entitled to 50% of the benefit allocation rather than 100% when there is a break in service. This will have no impact on the promoters as they have to contribute a per ticket assessment to the pension plan regardless of the percentage of benefit allocation received by the boxers. The reason for rejecting this alternative, however, is because the language as currently shown is not equitable to boxers as indicated under the "Factual Basis" section.